Approved For Release 2004/05/05: CIA-RDP64B00346R000400030010-8

Mr. MORSE.

Mr. President, I ask unanimous con-Bell Syndicate on January 17, 1962, printed at this point in the RECORD.

as follows:

HE BECAME AEC CHAIRMAN-HIS SHIPPING LINES DID PROFITABLE BUSINESS WITH AEC CONTRACTORS-THE LAW DOES NOT PERMIT ANY CHOICE ON CONFLICT OF INTEREST

(By Drew Pearson)

Washington.—In June 1958, John A. Mc-Union Carbide?" as: Cone, the new would-be Central Intelligence, son of New Mexico. Chief, wrote a letter to Sherman Adams, later kicked out of Government for a conflict of interest, to see whether he, McCone, might have a conflict of interest as new Chairman of the Atomic Energy Commission.

Ignoring the fact that the Goldfine charges against Adams had not made him the best man to act as judge, McCone listed the Utah Construction Co., Kaiser Engineers, Dow Chemical, Union Carbide as doing large business with the Atomic Energy Commission, and simultaneously doing business with his own privately owned shipping companies.

Significantly, two of these companies, Kaiser and Utah Construction, showed the pattern of business links McCone has kept with his old associates and war profiteers. McCone was president and a partner with Henry Kaiser and associates in running the California Shipbuilding Co. during the war

california Shipbuilding Co. during the war when they rolled an investment of \$100.000 into an overall profit of \$44 million.

Later, when he was Under Secretary of the Air Force, McCone gave his old partner a quickle Flying Boxear contract at three times the cost the Air Force was paying Fairchild. Incidentally, Senate hearings conducted by the late Senator Styles Bridges, of New Hampshire, showed that Kaiser and his subsidiaries got a total of \$210.011 and in Government. sidiaries got a total of \$219,011,919 in Government RFC loans; received \$6,568 million in Government contracts, and got approximately half a billion dollars in quickie tax writeoffs.

BIG AEC CONTRACTORS

Kaiser has also been one of the biggest contractors with the Atomic Energy Com-mission including the period when Kaiser's old partner, John McCone, was AEC Chair-

The company which operates under the The company which operates under the all-inclusive name of Utah Construction Co. is also part-owned by Kalser and actually is a big seller of uranium to the AEC through Its subsidiary, Lucky Mc Uranium Corp.

Union Carbide is one of the biggest contractors with the Atomic Energy Commission. It not only sells uranium to the AEC, but corrected AEC, Button to Cole Different Cole and the AEC, Button Cole Different Cole and the AEC, Button Cole an

but operates AEC Plants at Oak Ridge,
Tenn., and Paducah, Ky. Both Union Carbide and the Kalser interests benefited from
the AEC's decision not to buy trantum from
"underdeveloped countries." This obviously
played into the hands of established Amerien compenies such as Union Carbida and can companies such as Union Carbide and Kaiser.

Yet McCone, before he became Chairman sent to have the entire column written of the AEC in 1958, admitted that his perby Drew Pearson, and published by the sonally owned shipping line, Joshua Hendy, Bell Syndicate on January 17, 1962, handled "intercoastal and coastwise transprinted at this point in the Precorn There being no objection, the column ard Oil of New Jersey, Standard Oil of was ordered to be printed in the RECORD, California, and others."

as follows:

"I have some business relationships with
John McCone Did Not Sell His Stock Wilen Kalser," he also testified, "inasmuch as a jointly owned company, 25 percent of which is owned by Hendy and 50 percent by Kaiser Aluminum, has a long-range contract to transport Kaiser's bauxite."
"Would your firm continue to deal with

these firms in the atomic energy field, such as 'Union Carbide?" asked Senator CLINT ANDER-

"Yes, I would expect they would continue," replied the future AEC Chairman.
"Union Carbide is a large customer of Hendy's" Anderson reminded him.
"Yes, they are," McCone agreed.

ADAMS GIVES HIS OK

However, he insisted that placing the stock of his shipping companies in trust with the Bank of California in which he is also a stockholder, cleared him of any conflict of interest. This left him, however, with the profits which would accrue from the con-Union carbide, Kaiser, and the other firms which did business with the AEC of which he was Chairman. In other words, while he was AEC Chairman, his shipping com-panies would benefit from business with AEC contractors.

On the basis of this, Sherman Adams, that great judge of conflict of interest, OK'd the arrangement; and the Senate, diverted by the Sherman Adams-Goldfine headlines, also OK'd it and confirmed McCone as AEC Chairman.

However, now that McCone is coming up for another, even more important, post, head of Central Intelligence, the Senate might take time to review the record and study the law.

The conflict-of-interest law gives no choice either to McCone or to the Senate.

McCone said he had done "A great deal of soul-searching" and had concluded he could handle the AEC Chairmanship without any favoritism. However, the AEC law does not permit a man to search his soul and make the decision. The law makes the decision for him. It gives no alternatives other than get out of any conflict with private business

"No member of the commission," it reads. "shall engage in any business, vocation or employment other than that of serving as a member of the commission."

The law was passed not to be rationalized after soul-searching, but to make sure that

men like McCone did not serve on this powerful commission with the power to make tremendous profits for certain companies, unless they gave up their stock in the companies which benefited. This McCone did not do, and in an early column, one significant result affecting McCone's private ship-ping line will be reported.

STAT

STAT